



USDA Rural Development's Business & Cooperative Programs

USDA Rural Development delivers a variety of assistance to rural businesses and communities. All of them work in financial partnership with local economic organizations – banks and lenders, economic development groups, local revolving loan funds, universities, cities, counties, tribes, and utility cooperatives. Several of the programs assist rural small business (including farmers & ranchers) directly.

USDA Program	Total Funds Available FY2006	Purpose (What is the program's goal?)	Program Type (How does it work?)	Eligible Applicants (Who can apply?)	Eligible Areas (What is rural?)	Authorized Purposes (What can funds be used for?)	Typical Amount of Assistance	Rates & Terms (rates subject to change)	Key to Success	When to Apply
B&I Guarantee Business & Industry Guaranteed Loan	\$932 MM (\$13 MM Oregon allocation)	Provide an <u>incentive for business lending</u> that will <u>save & create jobs</u> (typically for larger businesses)	USDA <u>guarantees</u> business loans made by banks	Banks and other business lenders who make loans to rural businesses	Areas outside the urbanized edge of cities of >50,000 population	The loans guaranteed can be used for real estate, equipment, working capital, & refinancing – for nonfarm businesses	\$1 million - \$10 million	Negotiated by business & lender. Fixed or variable rates, typically near Prime (No balloons)	<u>Lender-driven</u> : there must be a bank willing to make the loan. (USDA only guarantees the loan.) Business with strong equity & collateral.	Year round
IRP Intermediary Relending Program	\$34 MM (No separate Oregon allocation)	Capitalize <u>locally-run revolving loan programs</u> for small businesses unable to qualify for bank financing	USDA loans money to a local revolving loan fund for relending to nonfarm businesses	Nonprofit economic development groups, tribes, & public bodies (e.g., cities) who will make loans to rural businesses	Unincorporated areas & <25,000 population cities	The loans must be used to set up a loan program to make business loans for real estate, equipment, working capital, & refinancing – for nonfarm businesses	\$300,000 - \$750,000 loans to re-lenders to make loans up to \$150,000 to businesses	1%, 30 years to re-lender ... to make loans at near-Prime to rural businesses	Funding is limited, so these loans tend to go only to loan funds that will serve the neediest areas.	Year round. Quarterly competition at national level
RBEG Rural Business Enterprise Grant	\$40 MM (\$356,000 Oregon allocation)	Support economic development projects that will <u>assist specific small & emerging private businesses</u>	USDA makes grants to support local economic development programs that will support businesses	Nonprofit economic development groups, tribes, and public bodies (e.g., cities or counties)	Areas outside the urbanized edge of cities of >50,000 population	The grant can be used to do a <u>feasibility study</u> , provide <u>technical assistance</u> to businesses, provide <u>job training</u> , set up a <u>revolving loan fund</u> , or develop <u>infrastructure</u> .	\$25,000	Grant	Funding is limited, so these grants tend to go only to the neediest areas. Grant funds cannot be used for regional planning or business attraction projects.	Once-a-year. Annual competition at state level
RBOG Rural Business Opportunity Grant	\$3 MM (No separate Oregon allocation)	Support <u>economic development planning</u>	USDA makes grants to support general economic growth & planning	Nonprofit economic development groups, tribes, and public bodies (e.g., cities or counties)	Unincorporated areas & <50,000 population cities	The grant can be used to do <u>regional planning</u> , <u>develop area economic strategies</u> , provide <u>technical assistance</u> to businesses, and develop local <u>leadership</u>	<\$50,000	Grant	Funding is limited, so these grants tend to go only for projects helping the neediest areas.	Once-a-year. Annual competition at national level
RCDG Rural Cooperative Development Grant	\$5 MM (No separate Oregon allocation)	Support <u>centers to assist cooperatives</u>	USDA makes grants to centers for rural cooperative development	Universities and nonprofit economic development groups	Areas outside the urbanized edge of cities of >50,000 population	Grants are used to operate Centers that assist rural cooperatives.	\$250,000 – ≤\$300,000	Grant	Funding is limited, so these grants tend to go only for projects helping the neediest areas.	Once-a-year. Annual competition at national level
VAPG Value-Added Producer Grant	\$19 MM (No separate Oregon allocation)	Support producers in <u>ventures that will increase the return on their agricultural commodities</u> .	USDA provides matching grants to farmers for value-added ventures	Farmers, ranchers, foresters, & fishers – inc. some coops, associations, coops, & ventures	No rural area requirement.	Grants for planning or working capital on value-added agricultural ventures, including renewable energy	<\$100,000 (planning); <\$150,000 (working capital)	Grant	Application requirements are complex, so consult with USDA well in advance of application deadline.	Once-a-year. Annual competition at national level

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Section 9006 Renewable Energy Grant Renewable Energy Systems Grant	\$11 MM (No separate Oregon allocation)	Financing for <u>renewable energy generation systems</u>	USDA makes grants to small rural businesses & farmers	Rural small businesses & agricultural producers	Areas outside the urbanized edge of cities of >50,000 population	Grants for renewable energy systems (wind, biomass bioenergy, anaerobic digesters, solar, geothermal, & renewable hydrogen)	≤\$500,000 (not to exceed 25% of project cost).	Grant	Application requirements can be complex, so consult with USDA well in advance of application deadline.	Once-a-year. Annual competition at national level
Section 9006 Energy Efficiency Grant Energy Efficiency Improvements Grant	Included in the above funding allocation	Financing for <u>energy efficiency improvements</u>	USDA makes grants to small rural businesses & farmers	Rural small businesses & agricultural producers	Areas outside the urbanized edge of cities of >50,000 population	Grants for purchase & installation of business energy efficiency improvements	≤\$250,000 (not to exceed 25% of project cost). Priority is given for grants of ≤\$50,000	Grant	Application requirements can be complex, so consult with USDA well in advance of application deadline.	Once-a-year. Annual competition at national level
Section 9006 Energy Guarantee Renewable Energy Systems & Energy Efficiency Improvements Guaranteed Loan	\$200 MM (No separate Oregon allocation)	Provide an <u>incentive for business lending</u> that will finance for <u>renewable energy generation systems or energy efficiency improvements</u>	USDA <u>guarantees</u> business loans made by banks to small businesses & agricultural producers	Banks and other business lenders who make loans to rural businesses	Areas outside the urbanized edge of cities of >50,000 population	The loans guaranteed can be used for the purchase & installation of renewable energy systems or for energy efficiency improvements	\$50,000 - \$5 million. (May be combined with a 9006 grant, but total assistance cannot exceed 50% of the project cost.)	Negotiated by business & lender. Fixed or variable rates, typically near Prime (No balloons)	<u>Lender-driven</u> : there must be a bank willing to make the loan. (USDA only guarantees the loan.) Business with strong equity & collateral.	Year round
RED Loan Rural Economic Development Loan	\$25 MM (No separate Oregon allocation)	Promote specific <u>community or business development projects</u> that will improve the local economy	USDA makes loans to certain utilities that are in turn re-loaned for local community or business projects	Electric & telephone utilities financed by USDA's Rural Utilities Service.	Unincorporated areas & <2,500 population cities	Loans are passed through to nonfarm businesses for real estate & equipment.	\$750,000 loan maximum	Loan is zero%, 10 years	Requires a community-oriented utility that is willing to apply on the project's behalf.	Year round. Quarterly competition at national level
RED Grant Rural Economic Development Grant	\$10 MM (No separate Oregon allocation)	Promote specific <u>community development projects</u> that will improve the rural economy	USDA makes grants to certain utilities to capitalize a revolving loan fund for community projects.	Electric & telephone utilities financed by USDA's Rural Utilities Service.	Unincorporated areas & <2,500 population cities	Grants are used to set up a <u>revolving loan fund</u>	\$300,000 grant maximum	Grant	Requires a community-oriented utility coop that is willing to apply on the project's behalf.	Year round. Quarterly competition at national level

More information at: www.rurdev.usda.gov/or/rbs.htm or contact us:

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